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# Procurement Seminar

IFI Bootcamp 2007

Mahtab Zolghadri

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# World Bank Lending

## Lending, Trends & Project Development Cycle

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## IBRD/IDA Lending in FY2007

- ⇒ 301 operations
  - ⇒ IBRD 112 (37%)
  - ⇒ IDA 189 (63%)
  
- ⇒ \$24.7 billion
  - ⇒ IBRD \$12.8 billion (52%)
  - ⇒ IDA \$11.9 billion (48%)
  - ⇒ 4% increase over FY2006
  
- ⇒ FY2007 was at the highest level in seven years (FY01–FY07)

## FY07 Top Ten IBRD / IDA Borrowers

Country	IBRD / IDA Commitment Amount (\$M)	Share of Total IBRD / IDA Commitments
India	3,751	15.2%
Argentina	1,749	7.1%
China	1,641	6.6%
Indonesia	1,159	4.7%
Turkey	1,158	4.7%
Colombia	1,102	4.5%
Pakistan	985	4.0%
Nigeria	750	3.0%
Vietnam	712	2.9%
Africa Regional projects	707	2.9%
<b>Total</b>	<b>13,714</b>	<b>55.5%</b>

# Basic Lending Instrument

## *Investment Lending*

- ⇒ For goods, works and services
- ⇒ Predefined specific project
- ⇒ Long-term focus (5 to 10 years)
- ⇒ broad range of sectors
- ⇒ Procurement and implementation schedule defined
- ⇒ 75 - 80 percent of all Bank lending

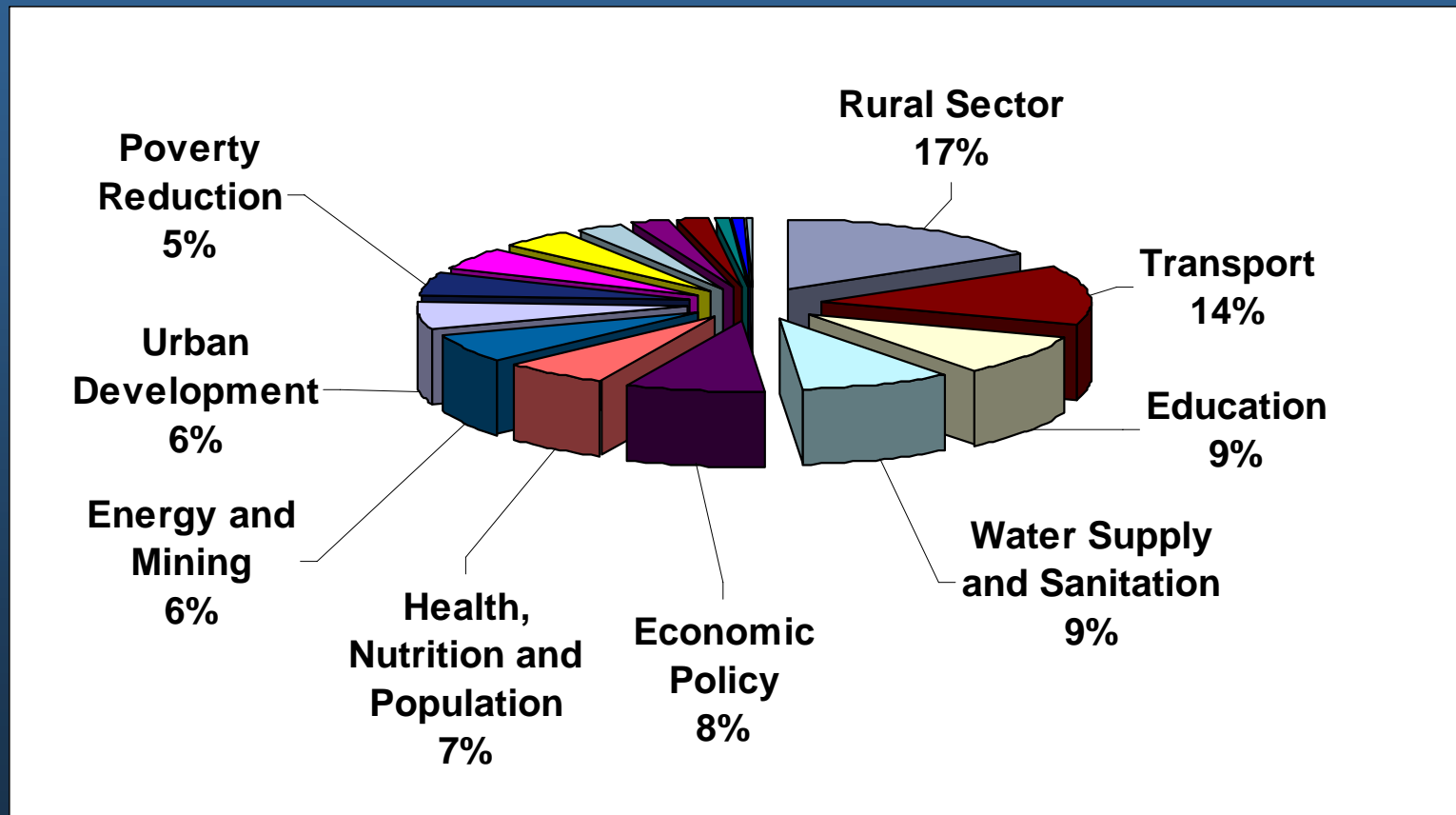
## *Development Policy Lending*

- ⇒ Support countries' policy and institutional reforms in a sector or the economy as a whole
- ⇒ Short-term focus (1 to 3 years)
- ⇒ Provide quick-disbursing financing
- ⇒ 20 - 25 percent of total Bank lending

## IBRD/IDA FY2007 Lending by Lending Instrument

- ⇒ Total Operations Lending
  - \$24.7 billions
  
- ⇒ Investment lending
  - \$18.4 billion
  - 75% of the total
  
- ⇒ Development Policy
  - \$6.3 billion
  - 25% of the total

## Trends – Major Sectors in FY07 Lending

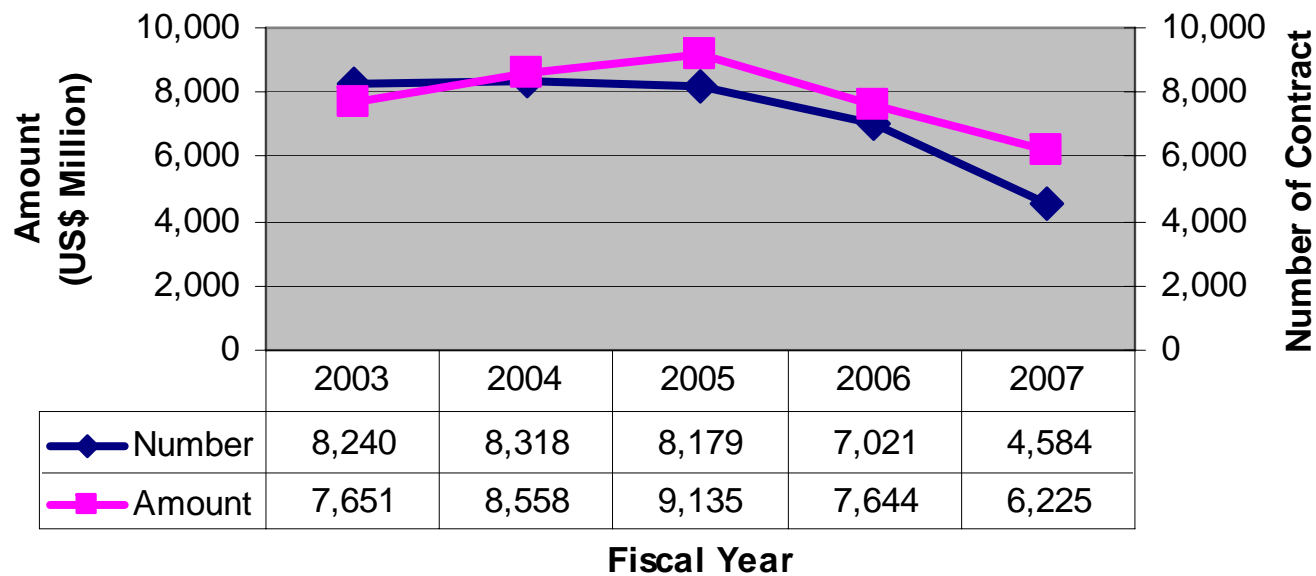


## IBRD/IDA FY2007 Lending Project by Operations Region

Region	No. of Proj.	Percentage	Amount (US\$ M)	Percentage
AFR	93	31%	5,797	23%
EAP	36	12%	4,044	16%
SAR	42	14%	5,632	23%
ECA	59	20%	3,762	15%
MNA	15	5%	908	4%
LCR	56	19%	4,553	18%
<b>Bank-wide</b>	<b>301</b>	<b>100%</b>	<b>24,696</b>	<b>100%</b>

## IBRD/IDA Major Contracts\*

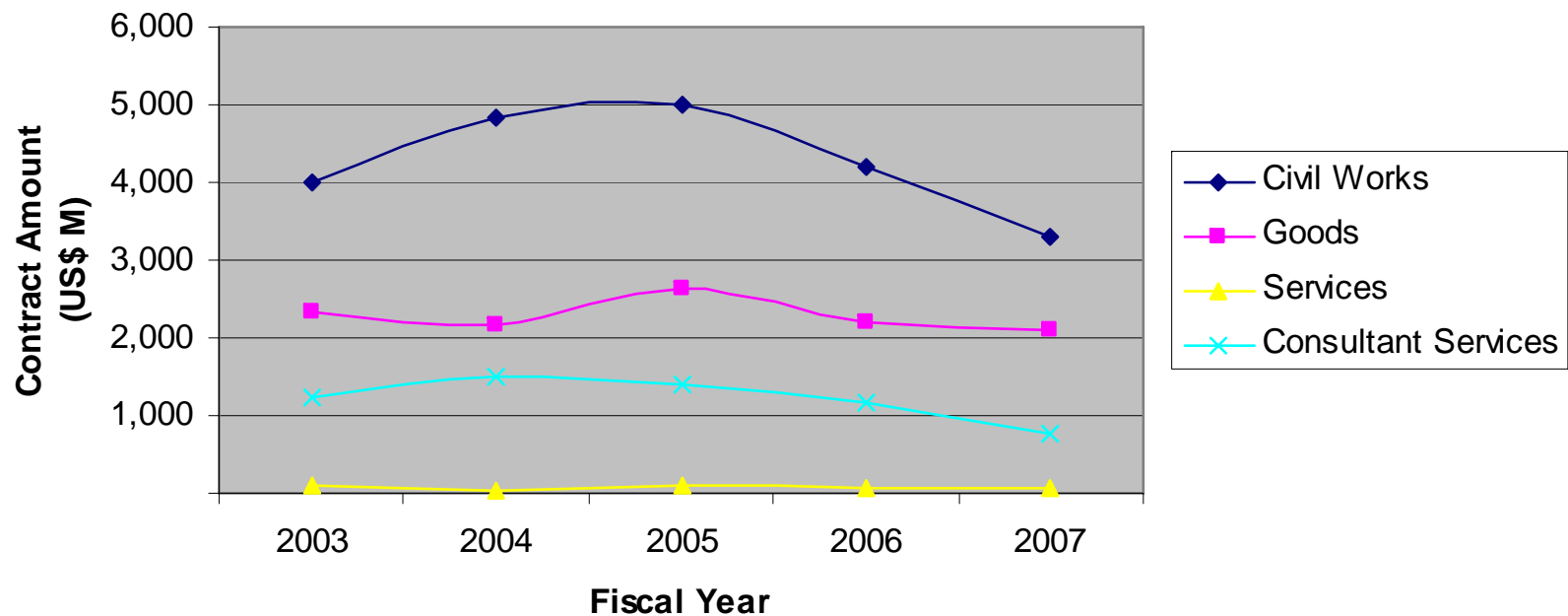
Number and Amount of Prior Review Contracts under Bank-Financed Projects (FY03 - FY07)



\* Contracts subject to IBRD/IDA prior reviews

# IBRD/IDA Major Contracts\* by Procurement Category

Amount of Prior Review Contracts under Bank-Financed Project by Procurement Category (FY03 - FY07)



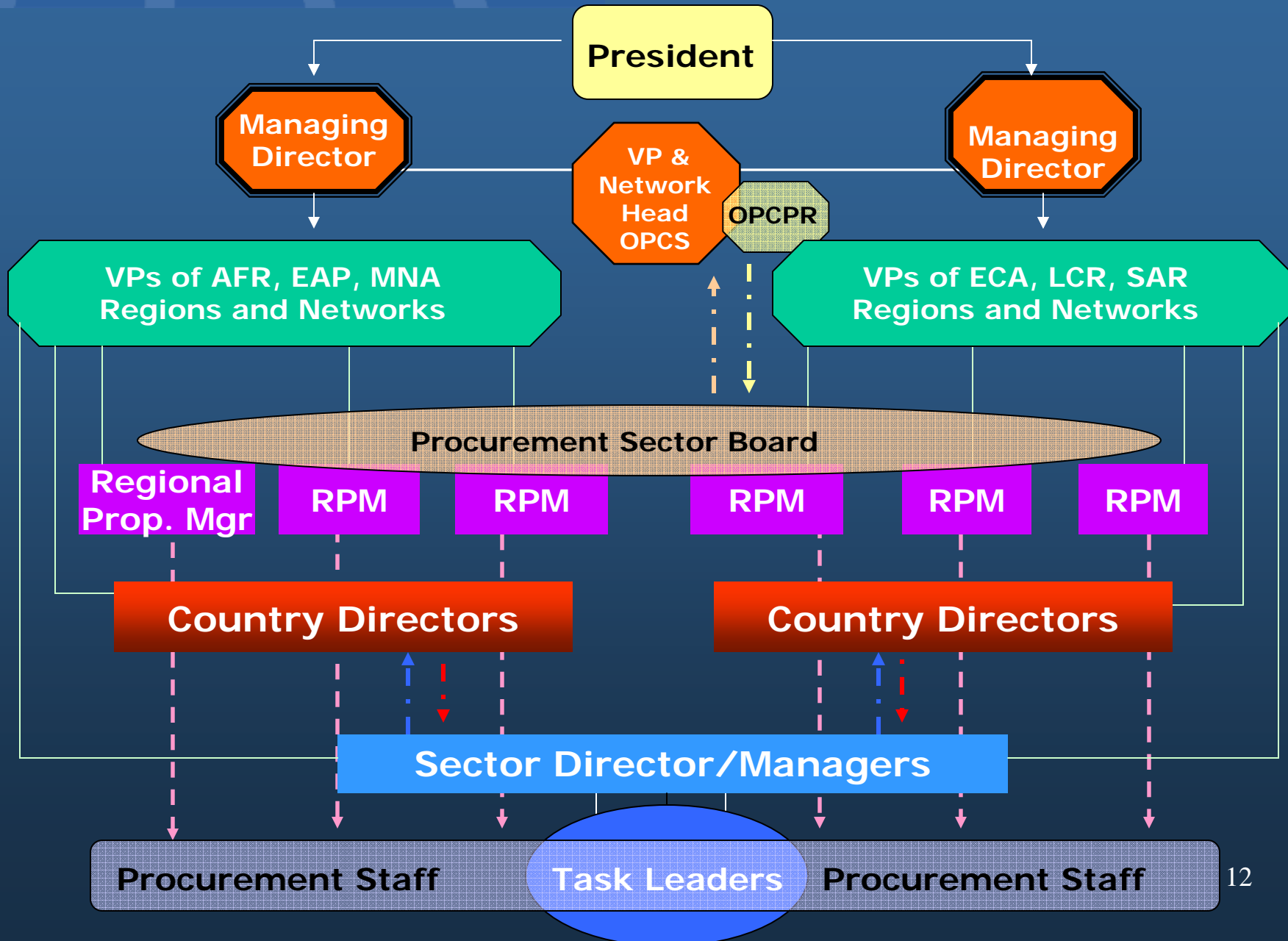
\* Contracts subject to IBRD/IDA prior reviews

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# Bank-Financed Procurement

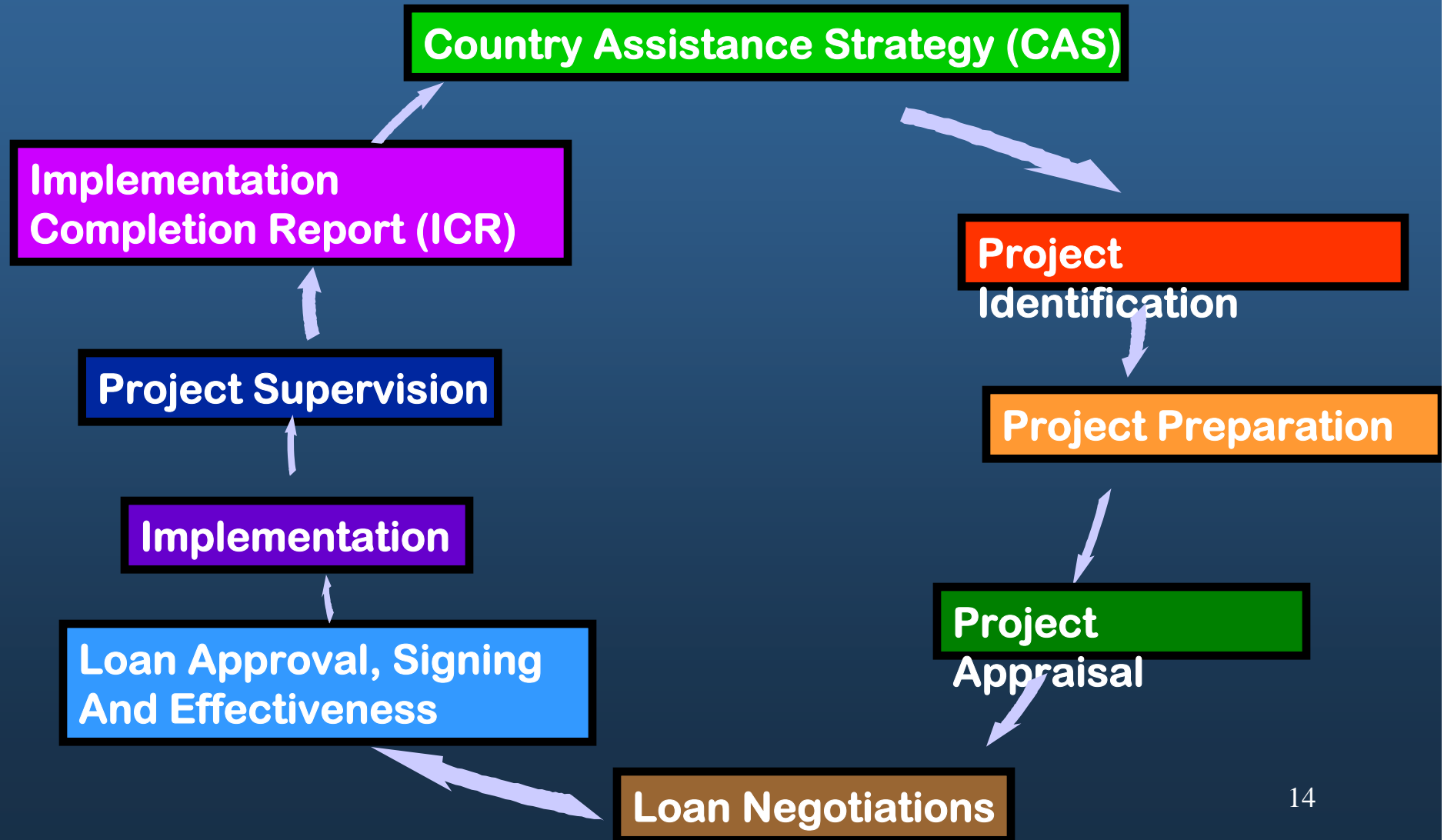
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# Procurement in the Bank's Lending

- ⇒ Investment projects/programs
- ⇒ Management and reform of public procurement system in borrower countries

# Investment Project Cycle



## The Bank's Role

- ⇒ Identify project/program
- ⇒ Appraise project/program and assess risk
- ⇒ Share knowledge and information
- ⇒ Supervise project/program
- ⇒ Monitor Compliance with Agreements

## The Borrower's Role

- ⇒ Identify project/program
- ⇒ Design, prepare and plan the project/program
- ⇒ Apply for the loan/credit
- ⇒ Implement project/program
- ⇒ Monitor Compliance with Agreements

## The Bank's Role in Procurement

- ⇒ Assess country system, project's procurement capacity and potential risks
- ⇒ Assist borrower in procurement planning
- ⇒ Provide procurement training/ knowledge sharing
- ⇒ Monitor compliance with loan/credit agreement and procurement plan
  - Prior review, Post review, Independent review
- ⇒ Translations

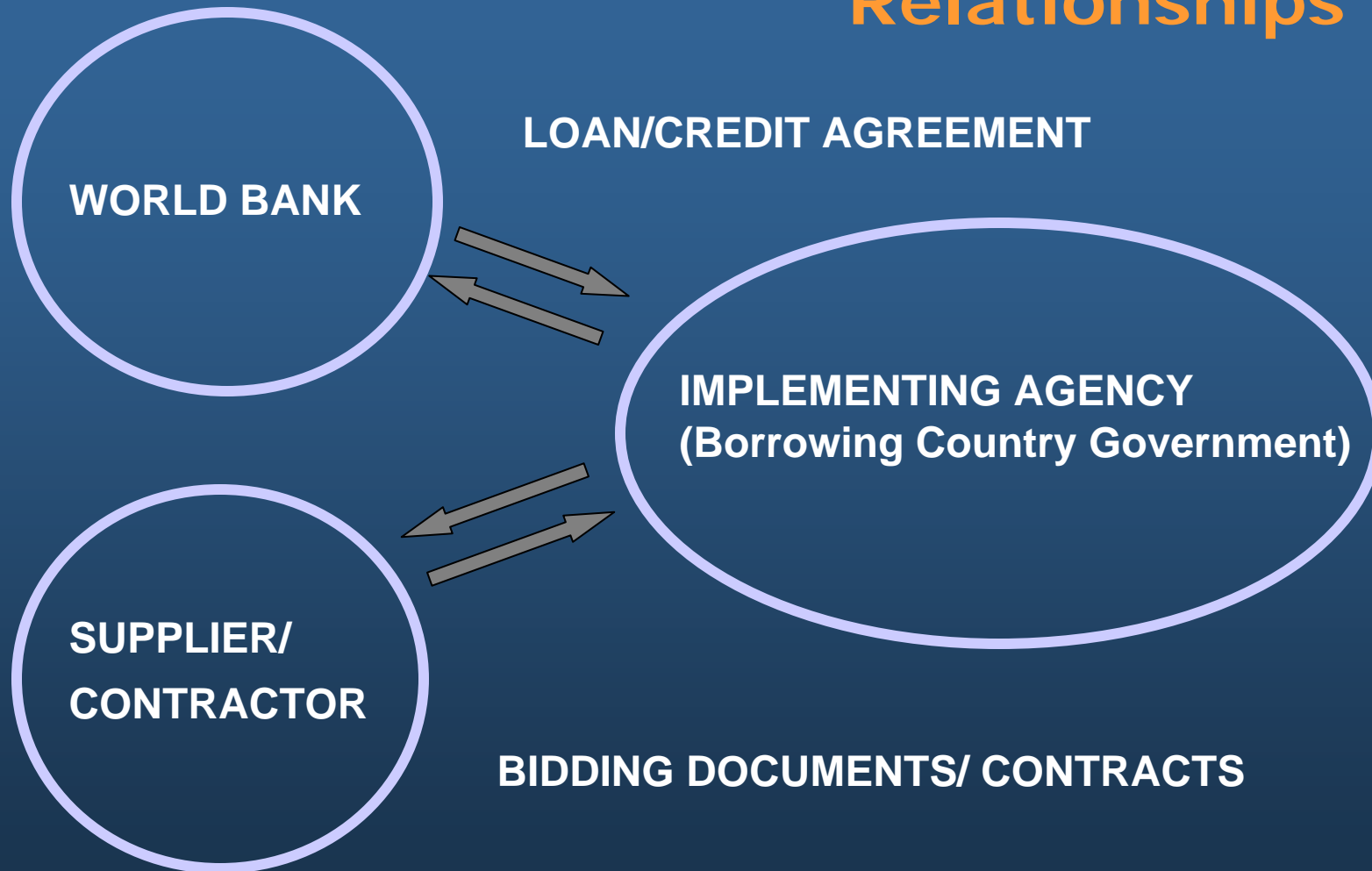
## The Borrower's Role in Procurement

- ⇒ Design procurement plans
- ⇒ Prepare and issue bidding documents
- ⇒ Invite bids
- ⇒ Receive and evaluate bids/proposals
- ⇒ Award contracts
- ⇒ Implement/ contract payment
- ⇒ Monitor compliance with loan/credit agreement and procurement plan
  - Audit

# Thresholds

- ⇒ Loan/Credit Agreement and/or Procurement Plan establishes the Procurement thresholds for:
  - Procurement Methods for Goods, Works, and Consulting Services
  - Bank Review for each Procurement Category – All large contracts are subject to Bank's Prior Review

# Contractual Relationships



## Considerations That Guide World Bank Procurement Policies

- ⇒ Need for **economy** and **efficiency**
- ⇒ Give all eligible (qualified) bidders **opportunity** to compete
- ⇒ Encourage development of **national industries** in borrowing countries
- ⇒ Procurement process to be **transparent**

# Procurement Guidelines

(May 2004, Revised October 2006)

## Goods and Works

- I. Introduction
- II. International Competitive Bidding
- III. Other Methods of Procurement
- IV. Appendices

## Consulting Services

- I. Introduction
- II. Quality- and Cost-Based Selection
- III. Other Methods of Selection
- IV. Types of Contracts and Important Provisions
- V. Selection of Individual Consultants
- VI. Appendices

## Revisions to the Procurement and Consultant Guidelines May 2004

- ⇒ Eligibility extended to all countries
- ⇒ Borrowers may use e-procurement procedures (ranging from online advertising to full e-tendering)
- ⇒ Bid security at discretion of borrower
- ⇒ Advertising required in UNDB and dgMarket for all International Competitive Bidding and large-value (\$200,000) consulting contracts

## Revisions (May 2004) – cont.

- ⇒ Enhanced disclosure of results
- ⇒ Fraud and corruption enhanced to include coercive practices
- ⇒ Borrowers to state in Bidding Documents if alternative bids will be considered
- ⇒ Annual or 18-month procurement plan – greater adaptability to project needs

## electronic Government Procurement (e-GP)

- ⇒ Taking advantage of increasing public access to Internet, information and communication technologies (ICT) is used to:
- publish and distribute public procurement information;
  - support procurement transactions;
  - monitor and manage public procurement

## electronic Government Procurement (e-GP)

- ⇒ electronic Government Procurement (e-GP)
  - raise the standards of transparency in government,
  - reduce the opportunities and incentives for fraud, and corruption,
  - improve equity and distributional efficiency in public procurement,
  - Generate cost efficiencies and substantial savings

# e-GP Under Bank financed Procurement

- ⇒ Harmonized MDB E-bidding Requirements have been established;
- ⇒ Bank assesses the country e-GP for its use for the Bank funded contracts;
- ⇒ The country system must demonstrate compliance with the MDB E-bidding requirements

# Phases in e-GP Road Map

- ⇒ **The e-GP road Map consists of 4 phases:**
- **Readiness** – common vision, legal and institutional framework, assessments,
  - **e-GP Tendering** – publication of tendering opportunities, contract awards, general access to all bidding documents, e bid submission & public bid opening

# Phases in e-GP Road Map

- **e-GP Contract Management** - Contract execution management, Contract capacity consolidation and expansion
- **e-GP Purchasing** – most complex and includes many steps including Purchasing policies, Supplier enablement, Structure of supply on the Internet, Structure of demand on the Internet, Online purchasing and e-transactions, and Customized services and supply incentives

## Learn more

⇒ For more information on e-GP visit

[www.mdb-egp.org](http://www.mdb-egp.org)

## Corrigendum (October 2006)

### Procurement Guidelines

- Eligibility
  - ✓ 1.8
- Fraud and Corruption
  - ✓ 1.14
    - (a) to (e)

### Consultant Guidelines

- Eligibility
  - ✓ 1.11(e)
- Fraud and Corruption
  - ✓ 1.22
    - (a) to (e)

## Eligibility 1.8 or 1.11

1.8 (d) or 1.11 (e) A firm declared ineligible by the Bank in accordance with subparagraph (d) of paragraph 1.14 or 1.22 of these Guidelines **or in accordance with the World Bank Group Anti-Corruption policies**<sup>[1]</sup> shall be ineligible to be awarded a Bank-financed contract during the period of time determined by the Bank.

<sup>[1]</sup> For purposes of this sub-paragraph, the relevant World Bank Group Anti-Corruption policies are set forth in the Guidelines On Preventing and Combating Fraud and Corruption in Projects financed by IBRD Loans and IDA Credits and Grants, and in the Anti-corruption Guidelines for IFC, MIGA, and World Bank Guarantee Transactions.

# Fraud & Corruption Provisions (Para 1.14 or 1.22)

## Definitions:

- Corrupt Practice
- Fraudulent Practice
- Collusive practice
- Coercive practice
- Obstructive practice (new)

# Fraud & Corruption Provisions

## 1.14 or 1.22 Fraud and Corruption

It is the Bank's policy to require that Borrowers (including beneficiaries of Bank loans), as well as bidders, suppliers, and contractors **and their subcontractors** under Bank-financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. [\[1\]](#)  
In pursuance of this policy, the Bank:

[\[1\]](#) In this context, any action taken by a bidder, supplier, contractor, or a sub-contractor to influence the procurement process or contract execution for undue advantage is improper.

# Fraud & Corruption Provisions Definitions

## Corrupt Practice

Offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party

## Fraudulent Practice

Any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation

# Fraud & Corruption Provisions

## Definitions

### Collusive Practice

An arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party

### Coercive Practice

Impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party

# Fraud & Corruption Provisions

## Definitions

### Obstructive practice

- (aa) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
- (bb) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under par. 1.14 (e) below.

## Fraud and Corruption

- ⇒ Parties expected to observe highest ethical standards
- ⇒ Bank reserves the right to audit firm's accounts and records of the contract
- ⇒ Sanctions by Bank:
  - Will reject proposal for award
  - Cancel the portion of the loan
  - Declare firm ineligible for a limited period of time or indefinitely
  - List of debarred firms will be posted on the World Bank website:  
<http://www.worldbank.org/debarr>

## Anti-corruption Hotline

### Department of Institutional Integrity (INT)

Toll-free: **1-800-831-0463** (24 hours/day)

Collect call: **704-556-7046**

By mail: **PMB 3767**  
**13950 Ballantyne Corporate Place**  
**Charlotte, NC 28277, USA**

Phone: 202-458-7677 Fax: 202-522-7140

E-mail: [investigations\\_hotline@worldbank.org](mailto:investigations_hotline@worldbank.org)

Website: [www.worldbank.org/integrity](http://www.worldbank.org/integrity)

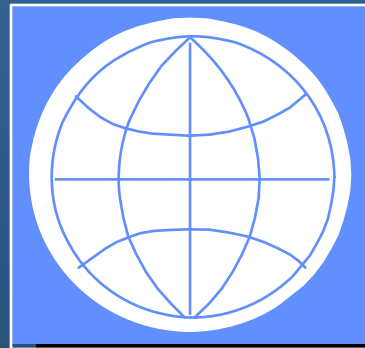
Click on "[Online Complaint Form](#)"

Anonymous calls are accepted.

Please be as specific as possible.

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# Procurement OF Consulting Services

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## Scope of Business Opportunities for Consultants in World Bank Projects

- ⇒ **Study, Design, Supervision of Projects**
- ⇒ **Technical assistance and Institutional strengthening**

# Basic Principles of Consultant Selection

- ⇒ Economy and Efficiency
- ⇒ Fair Selection Process
- ⇒ Role of National Consultants
- ⇒ Transparency

# Bank Guidelines For Consultant Selection

- ⇒ Public notification for large assignments
- ⇒ Restricted competition
- ⇒ Standard Request for Proposals
- ⇒ Different selection methods are specified in the loan agreement

## Selection Methods

- ⇒ **Quality- and Cost-Based Selection (QCBS)**
- ⇒ **Quality-Based Selection (QBS)**
- ⇒ **Fixed Budget (FBS)**
- ⇒ **Least Cost Selection (LCS)**
- ⇒ **Consultants' Qualifications (CQS)**
- ⇒ **Single Source Selection (SSS)**

## Borrower's Role

- ⇒ Short lists, invites and selects
- ⇒ Negotiates and contracts
- ⇒ Supervises, and makes payments

## Short List

- ⇒ **Six firms with a wide geographic spread**
- ⇒ **No more than two from any one country**
- ⇒ **Shortlist may comprise all national firms for smaller contracts.**
- ⇒ **All short listed firms must be qualified**
- ⇒ **Participation of national consultants encouraged**

## Consultants' Strategy

- ⇒ Target assignments based on regional experience and technical qualifications
- ⇒ Obtain background information on project:
  - Country Assistance Strategy (CAS)
  - Sector Strategies
  - Project Information Document (PID)
  - Project Appraisal Document (PAD)
- ⇒ Understand Roles of Borrower and Bank
- ⇒ Target marketing at appropriate time

# Making the Shortlist

- ⇒ **Contact, visit client before shortlisting.**
- ⇒ **Identify national partner firm, consultants**
- ⇒ **Monitor advertisements systematically**
- ⇒ **Express interest promptly, selectively**
- ⇒ **Expression of Interest (EOI):**
  - **Brief information on firm's qualifications**
  - **Relevant technical and regional experience**

# Preparing the Proposal

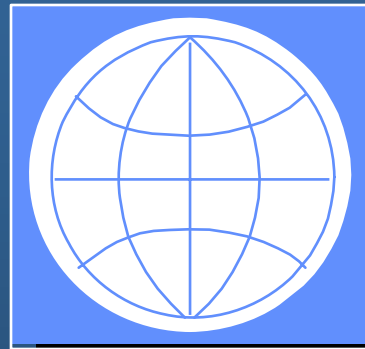
- ⇒ Pre-proposal visit
- ⇒ Address the Terms of Reference (TOR) clearly, comprehensively
- ⇒ Emphasize innovative technical solutions
- ⇒ Qualified Consultants in Key Staff positions
- ⇒ Firm Provides Strong Technical Leadership

# Preparing the Proposal

- ⇒ Cite directly relevant technical and regional experience
- ⇒ Involve national partner consulting firm or individual consultants
- ⇒ Do not vary from standard RFP forms
- ⇒ Make sure that your proposal is carefully prepared and easy to evaluate: use charts, diagrams, color
- ⇒ Submit a professional and polished proposal

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# Procurement Of Goods, Works and Services

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## International competitive bidding (ICB)

- ⇒ International advertising
  - UNDB online and Development Gateway's dgMarket
- ⇒ Standard Bidding Documents
  - Website: [www.worldbank.org](http://www.worldbank.org)
- ⇒ Public bid opening
- ⇒ Evaluation and comparison of bids

## International competitive bidding (ICB)

- ⇒ Contract awarded to lowest evaluated “responsive bid”
- ⇒ Publication of the award of contract
- ⇒ Domestic Preferences under ICB  
Appendix 2

## ICB - Payment Conditions

- ⇒ Exchange rate fixed
- ⇒ Price adjustment
- ⇒ No financing requirement
- ⇒ Advance payments
- ⇒ Letters of Credit
- ⇒ Direct payment

## Other Methods

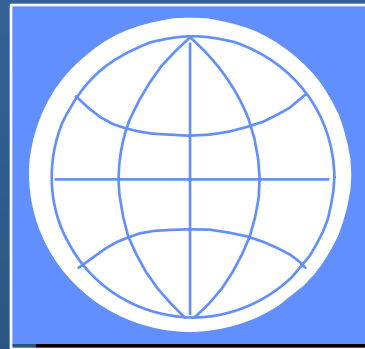
- ⇒ LIB - Limited International Bidding
  - Direct invitation to suppliers
- ⇒ NCB - National Competitive Bidding
  - Country's rules with some modifications if necessary
- ⇒ Shopping
  - Price quotations from at least three suppliers
- ⇒ Direct Contracting
  - Reconstruction, spare parts, etc.

## Other Methods

- ⇒ Force Account
  - use of the borrower's own personnel and equipment
- ⇒ Performance-Based Procurement
  - Payments made for measured outputs
- ⇒ Community Participation in Procurement
  - For project sustainability or specific social objectives

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# Business Opportunities

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## How to Track Opportunities

⇒ World Bank website

[www.worldbank.org](http://www.worldbank.org)

- Country Assistance Strategy
- Sector Support Strategy
- Monthly Operational Summary
- Project Information Document
- Project Appraisal Document

## How to Track Opportunities

- ⇒ UN Development Business and dgMarket (fee-based online services)
- ⇒ [www.devbusiness.com](http://www.devbusiness.com)  
[www.dgmarket.com](http://www.dgmarket.com)
- ⇒ General Procurement Notices
  - Requests for Expressions of Interest
  - Invitations to prequalification
  - Invitations for bids (also referred to as Specific Procurement Notices)

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**Learn more**

[www.worldbank.org/procure](http://www.worldbank.org/procure)

Procurement guidelines

Standard bidding document and  
Proposal documents

And more!

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# Guidance to Bidders

## Appendix 3 of the Guidelines

- ⇒ Bidder's role
- ⇒ Address all queries or complaints to the client - the borrower
- ⇒ Send copies of communications to the Bank or write to the Bank directly, when borrowers do not respond promptly, or the communication is a complaint against the borrower.
- ⇒ Address to World Bank Task Team Leader, copy to Country Director and Regional Procurement Manager
- ⇒ Bidders may request a debriefing

## How to win - briefly

- ⇒ Read everything you can
- ⇒ Make contacts in the country
- ⇒ Identify local partners
- ⇒ Respect local customs
- ⇒ Solve the client's problem. Don't impose your view.

## How to win - briefly

- ⇒ Respond precisely to technical specifications.
- ⇒ Unclear? Ask up front, do NOT guess or assume.
- ⇒ Submit bid/proposals in time. Bids that are even one minute late will be rejected.
- ⇒ Assess the competition. Compete where YOU are competitive.

Thank You!

Questions and Answers